

## Message Text

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ACTION EUR-25

INFO OCT-01 ISO-00 CIAE-00 DODE-00 PM-07 H-03 INR-11 L-03

NSAE-00 NSC-07 PA-04 RSC-01 PRS-01 SP-03 SS-20

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R 230900Z SEP 74

FM AMEMBASSY MADRID

TO SECSTATE WASHDC 084

INFO AMEMBASSY LISBON

AMEMBASSY PARIS

C O N F I D E N T I A L SECTION 1 OF 2 MADRID 6100

E.O. 11652: GDS

TAGS: PINT, SP

SUBJ: CURRENT POLITICAL RUMOR SEASON

REF: A. MADRID 5687

B. MADRID 5760

SUMMARY: VARIOUS SPANISH POLITICAL RUMORS, FOLLOWING UPON SUMMER FRANCO HEALTH CRISIS AND HIS RECENT REASSUMPTION OF POWERS, HAVE DURING RECENT AND CURRENT PERIODS REACHED HIGH PITCH. PRINCIPAL RUMORS ALLEGE: (1) POSSIBLE IMMINENT CABINET RESHUFFLE WITH REMOVAL OF LIBERAL CABINET MINISTERS, AN IDEA PROMOTED BY VARIOUS RIGHT WING REGIME FIGURES IN MEETINGS THEY HELD LAST MONTH BUT WHICH NOW APPEARS LESS LIKELY IN WAKE OF ARIAS' SEPT 12 INTERVIEW REAFFIRMING REGIME LIBERALIZATION; AND (2) POSSIBLE IMMINENT RETIREMENT OF FRANCO AND FORMAL INSTALLATION BY FRANCO OF JUAN CARLOS AS KING. CRUCIAL UNKNOWN AT THIS JUNCTURE, AND ITSELF SOURCE OF CONFLICTING RUMORS, IS PRECISE CURRENT STATE OF FRANCO'S HEALTH. END SUMMARY

1. LAST TWO MONTHS HAVE WITNESSED ONE OF THE MOST ACTIVE SPANISH POLITICAL RUMOR SEASONS, CHIEFLY AS RESULT OF CRISIS OF FRANCO'S HEALTH, HIS JULY HOSPITALIZATION  
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AND SUBSEQUENT CONVALESCENCE, HIS RECENT REASSUMPTION OF

POWERS, AND OTHER RECENT OR POTENTIAL DEVELOPMENTS. MOREOVER, LATE SEPTEMBER AND EARLY OCTOBER, WHICH MARK COMMENCEMENT OF POLITICAL YEAR, IS NORMALLY PERIOD OF INTENSE RUMOR TRADING.

2. ONE OF MOST PREOCCUPYING FEATURES OF POLITICAL SCENE WAS A SERIES OF MEETINGS OF RIGHTIST POLITICAL FIGURES DURING MONTH OF AUGUST AT SEASIDE RESORTS OF MARGELLA AND FUENGIROLA. THE COMMON DENOMINATOR AMONG THOSE WHO ATTENDED THESE MEETINGS, WHO REPRESENTED DIFFERENT RIGHT WING ESTABLISHMENT FACTIONS, WAS THEIR PREOCCUPATION WITH DIRECTION IN WHICH THINGS WERE GOING UNDER JUAN CARLOS IN HIS INTERIM CAPACITY AS ACTING CHIEF OF STATE AND THEIR FEARS OVER THE INDICATIONS THAT JUAN CARLOS, PRIME MINISTER ARAIAS, AND CURRENT GOVT, FAVORED LIBERALIZATION, AND PERHAPS EVEN DEMOCRATIZATION OF REGIME.

3. AMONG THOSE REPORTEDLY INVOLVED IN THESE MEETINGS WERE JOSE ANTONIO GIRON, CARLOS PINILLA, FEDERICO SILVA MUNOZ, AND FRANCO'S SON-IN-LAW, THE MARQUES DE VILLAVERDE (WHO HAS TAKEN ON A SUBSTANTIAL POLITICAL IMPORTANCE SINCE FRANCO'S HEALTH CRISIS AND IS NOW IN CHARGE OF FRANCO'S CONVALESCENCE). IT IS ALSO ALLEGED THAT CORTES PRESIDENT RODRIGUEZ DE VALCARCEL WAS PARTIALLY INVOLVED, AND THAT CURRENT MOVIMIENTO MINISTER UTRERA MOLINA WAS INVOLVED THROUGH INTERMEDIARIES.

4. THE OBJECTIVES OF THESE RIGHT WING "PLOTTERS" REPORTEDLY INCLUDED SEEKING TO (1) HALT, IF NOT REVERSE, PRIME MINISTER ARIAS' POLITICAL LIBERALIZATION PROGRAM; (2) POSSIBLY ENCOURAGE FRANCO TO REASSUME FULL POWERS; AND (3) PROMPT A CABINET RESHUFFLE IN THE NEAR FUTURE IN WHICH THE MOST PROMINENT LIBERALS IN THE CURRENT CABINET WOULD BE REPLACED BY CONSERVATIVES. THERE WERE REPORTEDLY TWO CABINET RESHUFFLE THEORIES ADVANCED BY THEM; (1) A PARTIAL CABINET CHANGE IN WHICH ARIAS WOULD HAVE BEEN RETAINED AS PRIME MINISTER, BUT THE MOST LIBERAL MINISTERS, INCLUDING MINISTER OF PRESIDENCY CARRO MARTINEZ, MINISTER OF TREASURY BARRERA, AND INFORMATION MINISTER CABANILLAS, WOULD HAVE BEEN REPLACED BY HARDLINERS, AND (2) A MORE CONFIDENTIAL

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COMPLETE CABINET CHANGE IN WHICH ARIAS HIMSELF WOULD ALSO HAVE BEEN REPLACED, AND IN WHICH EITHER CURRENT NAVY MINISTER PITA DA VEIGA OR CORTES PRESIDENT RODRIGUEZ DE VALCARCEL WOULD HAVE BEEN DESIGNATED NEXT PRIME MINISTER. NUMBER OF CONSERVATIVE FIGURES APPEARED ON MOST OF CABINET LISTS WHICH BEGAN CIRCULATING AS A RESULT OF THESE MEETINGS, AND WHICH ARE STILL CIRCULATING. THESE INCLUDED GIRON HIMSELF, MILLIONAIRE INDUSTRIALIST JOSE BANUS, FORMER

FINANCE MINISTER MONREAL LUQUE, AND, MOST SIGNIFICANTLY, THE MARQUES DE VILLAYERDE, FOR WHOM WOULD BE CREATED AN ENTIRELY NEW CABINET POST OF MINISTER OF HEALTH.

5. ALTHOUGH IT IS UNCLEAR WHAT, IF ANY, RELATIONSHIP THERE WAS BETWEEN THESE MEETINGS AND FRANCO'S REASSUMPTION OF FULL POWERS ON SEPT 9 (REF A), AND ALTHOUGH IT APPEARS FRANCO MAY HAVE REASSUMED POWERS IN A PERSONAL DECISION BASED ON HIS OFT-REPEATED DESIRE TO "REMAIN AT THE HELM AS LONG AS GOD GIVES ME LIFE", THERE IS NO DOUBT THAT FRANCO WAS UNDER INTENSE PRESSURE FROM VILLAYERDE AND OTHERS TO REASSUME FULL POWERS. HOWEVER, EXCEPT FOR THE SMALL GROUP OF RIGHT WING FIGURES WHO ENGAGED IN THE "PLOTTERING" IN MARBELLA AND CERTAIN OTHER CONSERVATIVE REGIME GROUPS, A SUBSTANTIAL NUMBER, AND PERHAPS MAJORITY, OF REGIME SUPPORTERS, AS WELL AS OF SPANISH SOCIETY IN GENERAL, IN ADDITION TO PRIME MINISTER ARIAS HIMSELF AND JUAN CARLOS, WERE NOT ONLY SURPRISED BY FRANCO'S UNEXPECTED MOVE BUT REPORTEDLY FELT IT WAS UNWISE.

6. IN THAT ATMOSPHERE THE RIGHT WING "PLOTTERS" GROUP FELT THAT THEIR OBJECTIVES OF A CABINET CHANGE AND REVERSAL OF REGIME LIBERALIZATION WERE NOW CLOSE AT HAND. HOWEVER, ON SEPT 12, IN WHAT HAS BEEN INTERPRETED AS A DIRECT COUNTERMOVE TO THE RIGHT WING PRESSURES FOR A CABINET CHANGE, PRIME MINISTER ARIAS ISSUED HIS NOW FAMOUS INTERVIEW WITH DIRECTOR OF EFE NEWS AGENCY (REF B), IN WHICH HE REAFFIRMED THE GOVT'S COMMITMENT TO PROCEED WITH REGIME LIBERALIZATION AND TO INTERPRET IN A VERY BROAD MANNER SUCH THINGS AS THE SCOPE OF FUTURE POLITICAL ASSOCIATIONISM WITHIN THE NATIONAL MOVEMENT. THIS INTERVIEW WHICH, SIGNIFICANTLY, WAS MADE WITHOUT HAVING BEEN CLEARED PREVIOUSLY WITH FRANCO, IS REGARDED AS CONFIDENTIAL

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SOMETHING OF A COUP BY ARIAS WHO PRESENTED FRANCO WITH A FACT ACCOMPLISHED AND HAS, AT LEAST TEMPORARILY, DISRUPTED THE ACTIVITIES OF THE RIGHT WING "PLOTTERS". THE FACT THAT FRANCO HAS NOT REACTED ADVERSELY TOWARDS THE INTERVIEW, AND THAT HE ACQUIESCED AFTER THE FACT IN ARIAS' MOVE, HAS NOW CAUSED MOST OBSERVERS TO BELIEVE THAT ANY SUCH CABINET RESHUFFLE OR OUSTER OF LIBERAL MINISTERS IS NOW UNLIKELY, AT LEAST FOR THE PRESENT. IT ALSO APPEARS THAT, FOR THE TIME BEING AT LEAST, MODERATE POLITICAL LIBERALIZATION WITHIN THE REGIME WILL CONTINUE.

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FM AMEMBASSY MADRID  
TO SECSTATE WASHDC 085  
INFO AMEMBASSY LISBON  
AMEMBASSY PAARIS

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7. DURING RECENT WEEKS RUMORS HAVE ALSO BEEN CIRCULATING WIDELY THAT FRANCO HIMSELF, PROBABLY AT SOME POINT IN OCTOBER, MIGHT TAKE THE BIG STEP OF FORMALLY RETIRING FROM OFFICE AND OF HAVING JUAN CARLOS SWORN IN AS KING. CERTAINLY SUCH A MOVE WOULD BE WARMLY RECEIVED BY MANY IN WHILE BEING OPPOSED BY OTHERS. THIS PARTICULAR RUMOR, UNLIKE THOSE OF POSSIBLE IMMINENT CABINET CHANGES, HAS NOT SUBSIDED AND CONTINUES TO CIRCULATE WITH MUCH INTENSITY. SOME OBSERVERS NOTE, HOWEVER, THAT IT WOULD BE UNLIKE FRANCO TO REASSUME FULL POWERS IN SEPTEMBER ONLY TO NAME JUAN CARLOS KING IN OCTOBER. MOREOVER, AS LONG AS HE IS ALIVE AND WELL ENOUGH, THERE WILL BE A TENDENCY TO REFER VITAL DECISIONS TO HIM.

8. DIRECTLY RELATED TO THE ABOVE IS THE CURRENT STATE OF FRANCO'S HEALTH, PERHAPS THE MOST DIFFICULT AREA ON WHICH TO OBTAIN ANY KIND OF OBJECTIVE INFORMATION AND ITSELF THE SOURCE OF VARYING RUMORS. THERE ARE SOME RUMORS CIRCULATING THAT FRANCO'S CONDITION IS STEADILY WORSENING, THAT HE IS UNABLE TO SPEAK CLEARLY, THAT HE MAY PERHAPS NOT EVEN BE SIGNING DOCUMENTS BECAUSE HE PHYSICALLY CANNOT DO SO, OR THAT HE MAY HAVE CANCER. SOME OBSERVERS, ON THE OTHER HAND, BELIEVE THAT THE REPORTS OF FRANCO'S RATHER REMARKABLE RECOVERY FROM HIS HOSPITALIZATION AND BOUT WITH THROMBOPHLEBITIS ARE  
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SUBSTANTIALLY TRUE, AND THAT HIS SEVERAL WEEKS OF CONVALESCENCE IN GALICIA AND HIS CONTINUING THERAPY HAVE SUBSTANTIALLY RESTORED HIM. ALTHOUGH FRANCO CERTAINLY CANNOT TAKE THE MORE RUGGED NORMAL PACE WHICH HE MAINTAINED PRIOR TO HIS HOSPITALIZATION, HE IS REPORTED TO BE CONDUCTING THE NECESSARY BUSINESS OF STATE, AND FURTHERMORE, HAS REVERTED TO HOLDING REGULAR AUDIENCES WITH MILITARY AND CIVILIAN VISITORS AND TO CONDUCTING INTERVIEWS WITH CABINET MINISTERS AND OTHERS, ALTHOUGH ON A SOMEWHAT MORE SELECTIVE BASIS THAN IN THE PAST. THERE ARE EVEN SOME OBSERVERS WHO CLAIM THAT FRANCO IS APPARENTLY EVEN MORE LUCID AND SPEAKS MORE CLEARLY AS A RESULT OF THE CONTINUING THERAPY CONNECTED WITH HIS HOSPITALIZATION AND CONVALESCENCE. IT CAN ONLY BE CONCLUDED THAT REPORTS CONCERNING THE CAUDILLO'S HEALTH ARE CONFUSING AND CONTRADICTORY.

9. IN THIS CLIMATE OF RUMORS, THREE POSSIBILITIES FOR THE NEAR FUTURE REMAIN MOST FEASIBLE: (1) FRANCO REMAINING AS CHIEF OF STATE WITH ARIAS AND THE CURRENT CABINET ALSO REMAINING IN POWER; (2) FRANCO NAMING JUAN CARLOS AS KING, IN WHICH CASE JUAN CARLOS WOULD MOST LIKELY ALSO RETAIN ARIAS AND MOST, BUT NOT NECESSARILY ALL, MEMBERS OF PRESENT CABINET; AND (3) FRANCO SURRENDERING SOME OF THE TIME-CONSUMING BUT LEAST SUBSTANTIVE POWERS OF HEAD OF STATE TO JUAN CARLOS, WHILE REMAINING IN BACKGROUND IN CONTROL OF KEY LEVERS OF POWER. WHILE IT NOW GENERALLY RECOGNIZED THAT FRANCO NOW SUFFERING MANY OF USUAL DEBILITIES OF AN OCTOGENARIAN, THE CRUCIAL UNKNOWN IN THIS SITUATION CONTINUES TO BE THE PRECISE CURRENT STATE OF HIS HEALTH.  
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